

VZCZCXRO1468
RR RUEHMA RUEHPA
DE RUEHRY #0114/01 1090528
ZNR UUUUU ZZH
R 180528Z APR 08
FM AMEMBASSY CONAKRY
TO RUEHC/SECSTATE WASHDC 2418
INFO RUEHZK/ECOWAS COLLECTIVE
RUCPDOC/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHINGTON DC

UNCLAS SECTION 01 OF 03 CONAKRY 000114

SIPDIS

DEPT FOR OBO
DEPT FOR EB/IFD/OMA
DEPT FOR EB/ESC/IEC FOR PHAYMOND
DEPT PLEASE PASS TO USTR FOR LAURIE ANN AGAMA
DEPT PLEASE PASS TO COMMERCE FOR SALIHA LOUCIF
TREASURY FOR OFFICE OF AFRICAN NATIONS

SIPDIS
SENSITIVE

E.O. 12598: N/A
TAGS: [ECON](#) [PGOV](#) [GV](#)
SUBJECT: GUINEA'S POWER COMPANY SHORTING OUT

¶11. (SBU) SUMMARY. A tour of Conakry's main power plant and meetings with The Electric Company of Guinea illustrate the extent of the country's electricity problem and why it is nearly impossible to meet popular demands. The company's equipment is old, unreliable, and for the most part, broken down. Frequent power outages occur everyday throughout Conakry with some districts having gone months or years without power. Most of the interior of the country has no power other than private generators. It is going to take substantial investment, both financially and technically, to keep the lights on, let alone expand the capability of the power grid to satisfy the city's growing demand. END SUMMARY.

¶12. (SBU) Over the past several weeks, Econoff met with officials of Guinea's national electrical company, Electricite de Guinee (EDG). The interlocutors ranged from the Directeur General to the Director of Planning and Equipment. The meetings included not only office interviews, but also a tour of the generator facility along with the Facilities Manager for the Embassy and his assistant. In the end, contacts generally said the same thing - the country's power network is in bad shape and likely to get worse.

¶13. (U) The Director General, Mr. Diallo, said that power generation began at the main plant in Conakry over 70 years ago with the construction of the first generator facility, identified as Tombo 1. (NOTE: It is no longer operational due to a lack of maintenance and spare parts. END NOTE.) There have been various entities that have operated the power network in Guinea. Entreprise Nationale d'Electricite de Guinee and Societe Nationale d'Electricite were the previous two power companies. Prior to 2000, there was a consortium, Societe Generale d'Electricite de Guine (SOGEL) that operated the generators for Guinea. Then in 2000, Hydro Quebec left the group, and they reformed as EDG.

¶14. (SBU) The EDG Director stated that EDG has 16 generators in place at its main plant in Conakry, but that only four are currently operational. The Embassy Facilities Manager, who also visited the power plant, confirmed that the entire facility is in poor condition. Furthermore, the EDG Director said that the four operational generators only provide between 129 and 139 megawatts, while they need 195 megawatts to provide power 24 hours per day for Conakry alone. In addition, he related that the four operational generators are over-used, and have not been adequately maintained for at least the last six years.

¶15. (SBU) According to the Director, EDG also draws on hydro-electric dams. He estimated that 80% of electricity on the

Guinean grid is derived from the dams between July and November, while in the dry season the generators supply about 60% of the power. Currently, Guinea has five dams on the grid; Garrafiri, Kinkon, Grandes Chuttes, Donkeya, and Bannea. Diallo relayed that Conakry's electrical grid only extends to a few cities in the capital area in the southwest of Guinea, so that in effect, when he spoke of power needs, he was only referring to the needs of the population currently connected to the Conakry grid.

¶6. (SBU) Pointing out that Guinea's electrical network has not seen significant improvement since 1987, the Director said that this lack of investment undermines the company's ability to effectively generate and distribute electricity. He claimed that spare parts are so scarce that the company is scavenging parts from the non-operational generators to keep the four remaining generators running. Mr. Diallo was unsure how long they could continue to maintain the generators in this fashion.

¶7. (SBU) The Director explained that each of the generators uses heavy fuel oil (mazout) which EDG purchases from the Alumina Company of Guinea (ACG). (NOTE: ACG is owned by Russian bauxite giant Rusal. END NOTE.) He claimed that Rusal does this as a favor for EDG free of charge, and that Rusal just increases its own imports of mazout to cover what EDG needs. Mr. Diallo said that Rusal requires payment upfront, and that while EDG is free to import mazout, it is cheaper to partner with Rusal than to import independently. The Director General stated that each generator consumes 2.5 tons of heavy oil per hour at a cost of 580 USD per ton, or 34,500 USD per generator, per day, if it operates 24 hours per day.

¶8. (SBU) On the financial side, according to Roger Milimono, the Economic Advisor to the Minister of Finance, EDG currently is the third largest debtor to the Government of Guinea. He claims that EDG owes 54 billion GNF (approximately 12 million USD) to the government. Directeur General Diallo stated that the Government

CONAKRY 00000114 002 OF 003

pays EDG about 4 billion Gnf (approx. 900,000 USD) monthly for electricity and that EDG collects another 6 billion Gnf (approx. 1.3 million USD) from other customers. Since January 2008, Embassy Conakry has solely been on generator power, due to internal embassy technical problems. However, when the Embassy was using EDG, our bill represented about 5% of EDG receipts. (COMMENT. In December 2006, EDG officials approached the Embassy and asked if we could pay our bill in advance because the company would not otherwise be able to meet payroll demands. END COMMENT).

¶9. (SBU) Director General Diallo acknowledged EDG's significant debt to the Government. He said that the recent termination of the fuel price subsidy is going to massively impact EDG since they will have to pay 60% more for fuel than before, when the company could not even afford to operate before the increase. Mr. Diallo said that collections are a problem for the company. He claimed that currently EDG has only 130,000 customers in Conakry (NOTE: Conakry's current population is between 2 to 3 million. END NOTE.) He lamented that most electrical customers get their power from other people by using illegal hookups, and then paying them a markup for the power instead of EDG.

¶10. (SBU) He followed with a description of a pilot project initiated in 2004 by the World Bank (WB) and the African Development Bank (ADB). The program began in a quartier of Conakry where EDG had 4000 registered subscribers, but estimated 13,000 customers, based upon usage. EDG started a surveillance operation to find the illegal connections to homes and businesses. According to Diallo, the program resulted in EDG disconnecting most of the unauthorized users, while raising the number of subscribers to 10,000. EDG is working with the WB and ADB on expanding the project to other quartiers of Conakry. However, the Director General did not have any information as to how EDG would follow-up on the initial project success, to assure that the connections were not cut again.

¶11. (SBU) Diallo said that ADB is funding a survey of the distribution network in other quartiers of Conakry, as well. He admitted that over 30% of the electricity supply was lost in the distribution. (NOTE: Embassy contacts report that the loss may be

as high as 60%. END NOTE).

¶12. (SBU) Recalling the installation of the current reform government, Mr. Diallo remembered that when the then-new Prime Minister Kouyate promised water and power to everyone within 90 days after his March appointment, the PM had not consulted with EDG. He said the promise was completely unfounded, and unrealistic, since it was technically impossible to do what the Prime Minister promised.

¶13. (SBU) The Director General then revealed that the compromise program to provide power three out of every four days is no longer possible because there is less water in the dams since Guinea is nearing the end of its dry season. The Director stated that EDG over-used its hydroelectric generators during the Africa Cup soccer matches held in January and February 2008, in order to keep the televisions working and to avoid possible riots and destruction of EDG equipment.

¶14. (SBU) The EDG Director said that Guinea, Senegal and other countries in the region have entered into agreements to build dams on the river between Guinea and Senegal, in order to provide electricity to each of them. They expect these projects to come on line by 2012, although he was unclear how the projects would be funded, how the electricity would be shared, and who would pay for the transmission lines from the border to Conakry.

¶15. (SBU) COMMENT. Guinea is, with the exception of the Gambia, the country with the worst electrical network in Africa, according to a survey by the Center for Global Development, March 2008. It experiences over 200 days per year with electrical outages according to the World Bank. There are frequent protests, sometimes violent, in various neighborhoods in Conakry over the lack of power. The situation is worse in the interior with many communities having no power at all. The provision of reliable power would not only help placate the population, but would enhance the ability of Guinea's businesses to produce products efficiently, and eventually augment GDP growth.

Unfortunately, there is no help on the horizon. It is likely only a matter of time before the currently operating generators break down completely. Furthermore, EDG is running a significant operating deficit that is likely to get even bigger with the increase in fuel prices. The GoG must either convince foreign donors to once again

CONAKRY 00000114 003 OF 003

step up with large amounts of aid to fix the system, or else completely overhaul the system themselves in order to improve efficiency and regulate consumer registration and billing. END COMMENT.

CARTER